

Message Text

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TAGS: PFOR, CH, US

SUBJECT: ALBERT/RHODES CONVERSATION WITH PRC VICE PREMIER

TENG HSIAO-PING

REF: HONG KONG 3728, PEKING 586

FOR EA GLEYSTEN

1. THE FOLLOWING IS A MEMORANDUM OF CONVERSATION OF A MEETING
BETWEEN SPEAKER ALBERT AND CONGRESSMAN RHODES AND PRC VICE PREMIER
TENG HSIAO-PING AT GREAT HALL OF THE PEOPLE APRIL 1. OTHER PARTICIPANTS

IN MEETING ON CHINESE SIDE WERE CHIAO KUAN-HUA, FOREIGN MINISTER;
TANG WEN-SHENG, DEPUTY DIRECTOR OF AMERICAN AND OCEANIAN AFFAIRS
DEPARTMENT OF FOREIGN MINISTRY; VICE PRESIDENT CHOU CHIU-YEH AND DEPUTY

SECRETARY GENERAL KANG TAI-SHAI OF CHINESE PEOPLE'S INSTITUTE OF
FOREIGN
AFFAIRS. THE AMERICAN SIDE INCLUDED AMB BUSH AND FOUR OTHER MEMBERS
OF DELEGATION.

2. BEGIN TEXT: AFTER MUTUAL INTROUCTIONS AND EXCHANGE OF PLEASANTIRES

,
SPEAKER ALBERT BEGAN BY ASKING VICE PREMIER IF THERE WERE ANY ISSUES

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HE

WISHED TO DISCUSS. TENG REPLIED HE WOULD LIKE TO BEGIN BY TELLING
CONGRESSMEN SOMETHING ABOUT THE PRC. "I BELIEVE MR. BUSH NOW KNOWS,"

TENG

SAID, "THAT CHINA IS STILL A BACKWARD COUNTRY." "CHINA HAS A VAST TERRITORY AND POPULATION, BUT OUR ECONOMY IS STILL BACKWARD AND ECONOMICALLY SPEAKING WE ARE A SMALL COUNTRY. IT IS OUR AMBITION TO SEE WHETHER BY THE END OF THE TWENTIETH CENTURY WE CAN DEVELOP TO A HIGHER STAGE. EVEN THEN, HOWEVER, CHINA WILL STILL BE A BACKWARD COUNTRY COMARED WITH THE U.S. OR WESTERN EUROPE AND OUR NATIONAL INCOME WILL STILL BE LOW. DURING THE NEXT 25 YEARS WE WILL ALSO NEED A PEACEFUL INTERNATIONAL ENVIRONMENT IN WHICH TO BUILD OUR COUNTRY," HE SAID.

3. AT PRESENT, TENG SAID, CHINA DID NOT HAVE CAPACITY TO PLAY MAJOR ROLE IN INTERNATIONAL AFFAIRS. CHINA IS A SOCIALIST COUNTRY WHICH BELIEVES IT HAS A DUTY TO CONTRIBUTE TO MANKIND, BUT ITS CONTRIBUTION IS STILL SMALL. WHEN OUR COUNTRY IS MORE DEVELOPED WE SHOULD MAKE A SLIGHTLY BETTER CONTRIBUTION TO MANKIND. FOR NOW, TENG CONTINUED, WE FIND OUR OWN AFFAIRS ARE ENOUGH FOR US TO DEAL WITH.

4. AFTER 25 YEARS OF RULE BY THE CHIANG KAI-SHEK CLIQUE, TENG SAID, CHINA WAS LEFT WITH NEARLY NOTHING. BEFORE LIBERATION CHINA COULD PRODUCE ONLY MEAGER AMOUNT OF FOOD AND ITS POPULATION OF APPROXIMATELY

500 MILLION PEOPLE WAS IN STATE OF SEMI-STARVATION. AT THAT TIME, HE SAID, CHINA HAD ONLY A FEW LIGHT AND PROCESSING INDUSTRIES, AND ITS STEEL PRODUCTION, USING OLD JAPANESE EQUIPMENT, WAS ONLY A "FEW DOZEN HUNDRED THOUSAND TONS."

5. SINCE THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA IN 1949, TENG SAID, CHINA HAD FOLLOWED CHAIRMAN MAO'S LINE AND HAD SOLVED THE BASIC PROBLEMS OF PROVIDING ADEQUATE FOOD AND CLOTHING FOR ITS PEOPLES. WE HAVE FOLLOWED CHAIRMAN MAO'S PRINCIPLE OF SELF-RELIANCE AND ACCORDING TO HIS INSTRUCTION HAVE GIVEN FIRST PRIORITY TO DEVELOPING AGRICULTURE FOLLOWED BY LIGHT INDUSTRY AND HEAVY INDUSTRY, TENG SAID DUE TO THE EMBARGO MAINTAINED BY WESTERN COUNTRIES DURING THE 1950'S, TENG EXPLAINED THAT CHINA HAD TO RELY ON THE SOVIET UNION, AND COULD GET AID ONLY DURING STALIN'S LIFETIME. "WHAT I MEAN," TENG SAID, "IS WE WERE ABLE TO BUY INDUSTRIAL EQUIPMENT

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AND TECHNOLOGY FROM THE RUSSIANS AT WORLD PRICES. IT WAS NOT REALLY AID." AFTER KRUSCHEV HAD TRIED TO "STRANGLE" CHINA, TENG SAID, THE COUNTRY HAD BEEN FORCED TO BE SELF-RELIANT AND TO PROVIDE FOR ITS MINIMAL NEEDS.

6. AFTER TWENTY-FIVE YEARS, TENG CONTINUED, WE HAVE ACQUIRED A SUFFICIENT SUPPLY OF FOOD AND A SMALL SURPLUS. HE SAID THAT CHINA NOW HAD ABOUT 800 MILLION PEOPLE, AND ON AVERAGE, INCLUDING YOUNG AND OLD, URBAN AND RURAL, THEY NOW CONSUMED 335 KILOGRAMS OF FOOD GRAINS PER PERSON. " WE HAVE MADE PROGRESS IN WATER CONSERVANCY, LAND LEVELING

AND SOIL IMPROVEMENT AND HAVE HAD 13 YEARS OF GOOD HARVESTS. OUR STANDARD OF LIVING IS NOT HIGH BUT IS ENOUGH TO GUARANTEE THE HEALTH AND LIVELIHOOD OF OUR PEOPLE". HE SAID.

7. TENG SAID THE INITIAL FOUNDATION OF HEAVY INDUSTRY HAD BEEN LAID, BUT STEEL PRODUCTION IS STILL ONLY

"TWENTY SOME MILLION TONS." HE SAID IF CHINA EQUALED AMERICA'S STEEL PRODUCTION ON A PER CAPITA BASIS IT WOULD HAVE TO PRODUCE 400 MILLION TONS OF STEEL A YEAR. " OF COURSE WE CAN NOT EQUAL THAT LEVEL," TENG SAID, " BUT WE STILL BELIEVE ABOUT 100 MILLION TONS IS NECESSARY. IT WILL TAKE US ANOTHER 30 YEARS HOWEVER, TO REACH THAT GOAL. TO REACH THE PRESENT LEVEL OF CAPITAL DEVELOPMENT OF EUROPEAN COUNTRIES IT WILL TAKE US AT LEAST 50 YEARS AND BY THAT TIME YOUR COUNTRY AND EUROPE WILL HAVE GONE FURTHER. AS YOU CAN SEE CHINA IS BACKWARD AND IS NOT A DEVELOPED COUNTRY," TENG CONTINUED.

8. IN REPLY SPEAKER ALBERT THANKED TENG FOR HIS EXCELLENT ACCOUNT OF CHINA'S DEVELOPMENT AND THEN SAID HE FELT THE VICE PREMIER WAS TOO MODEST. THE ABILITY TO FEED, CLOTHE, HOUSE AND PROVIDE MEDICAL CARE FOR 800 MILLION PEOPLE, IS ITSELF A SIGNIFICANT ACHIEVEMENT. I BELIEVE YOU HAVE BUILT A TREMENDOUS FOUNDATION FOR YOUR FUTURE DEVELOPMENT AND THERE IS NO REASON WHY CHINA SHOULD NOT BE A GREAT INDUSTRIAL NATION BY THE END OF THIS CENTURY, ALBERT SAID. THE SPEAKER THEN LISTED THE TOPICS WHICH HE AND CONGRESSMAN RHODES HAD PREVIOUSLY DISCUSSED WITH FOREIGN MINISTER CHIAO KUAN-HUA AND ASKED IF TENG WOULD LIKE TO ADD HIS VIEWS ON THESE OR OTHER MATTERS AFFECTING OUR MUTUAL INTERESTS.

9. TENG REPLIED THAT FOLLOWING A LONG PERIOD OF ISOLATION, SINO-US
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RELATIONS HAD BEEN REESTABLISHED BY PRESIDENT NIXON IN 1972. WE GREATLY ADMIRE PRESIDENT NIXON, TENG SAID, FOR HIS COURAGE IN COMING TO CHINA AND SIGNING THE SHANGHAI COMMUNIQUE. "WHEN PRESIDENT NIXON ARRIVED, WE REMEMBER HE FIRST TOLD US HE HAD COME TO ESTABLISH A NEW RELATIONSHIP WHICH WAS IN THE NATIONAL INTEREST OF THE UNITED STATES. WE BELIEVE THAT WAS PARTICULARLY WELL SAID, TENG SAID.

10. OUR SOCIAL SYSTEMS, IDEOLOGIES AND POLICIES ARE DIFFERENT, TENG CONTINUED, AND IT IS NOT POSSIBLE TO REACH AGREEMENT ON A BROAD SPECTRUM OF ISSUES BECAUSE OF THESE BASIC DIFFERENCES. EVEN SO, TENG SAID, THERE WERE STILL POINTS ON WHICH WE HAD "COMMON LANGUAGE" AND THAT IS WHY WE COULD SIGN THE SHANGHAI COMMUNIQUE. TENG THEN CHARACTERIZED OUR RELATIONS AS "GENERALLY GOOD" AND SAID CHINA HAD NO COMPLAINTS. HE SAID THAT WHILE NEITHER SIDE SHOULD HAVE ANY ILLUSIONS ABOUT OUR RELATIONSHIP, IT WAS STILL POSSIBLE FOR RELATIONS TO GRADUALLY DEVELOP AS LONG AS BOTH COUNTRIES FOLLOWED THE PRINCIPLES AND SPIRIT OF THE SHANGHAI COMMUNIQUE. OF COURSE, HE SAID, THE LARGEST ISSUE CONFRONTING US IS TAIWAN.

11. AT THIS POINT SPEAKER ALBERT INTERJECTED THAT HE HOPED THE TAIWAN QUESTION WOULD NOT PREVENT THE ACHIEVEMENT OF THE GOALS OF THE COMMUNIQUE OR CAUSE US TO BREAK OFF CONTACTS FOR ANOTHER TWENTYFIVE YEARS. TENG REPLIED THAT CHINA HAD NO INTENTION OF ALLOWING THE TAIWAN

ISSUE TO PREVENT THE DEVELOPMENT OF GOOD RELATIONS WITH THE UNITED STATES. AS WE TOLD DR. KIDDINGER, TENG SAID, THE SETTLEMENT OF THE TAIWAN QUESTION MUST BE BASED ON THE JAPANESE FORMULA. HOWEVER, IF YOUR COUNTRY FEELS THAT THE TIME IS NOT RIPE THEN WE ARE WILLING TO WAIT, HE CONCLUDED.

12. IN RESPONSE ALBERT SAID HE HOPED THE VICE PREMIER UNDERSTOOD THAT JAPAN AND THE U.S. HAD DIFFERENT PROBLEMS WITH REGARD TO TAIWAN. JAPAN COULD AGREE TO SIMPLE FORMULA FOR RESOLVING ISSUE, HE SAID, BUT THE PRESSURES ON U.S. ARE MUCH HEAVIER AND PROBLEMS MORE DIFFICULT TO RESOLVE. THE SPEAKER THEN TURNED DISCUSSION OVER TO CONGRESSMAN RHODES.

13. RHODES THANKED THE VICE PREMIER FOR HIS OPENING EXPLANATION OF CHINA'S ECONOMIC GOALS AND ASKED WHETHER U.S. MIGHT SUPPLY EQUIPMENT AND TECHNOLOGY WHICH COULD SPEED CHINA'S ECONOMIC
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DEVELOPMENT. IF SO, RHODES SAID, THEN WE MIGHT BE ABLE PROMOTE FURTHER EXPANSION IN OUR ECONOMIC RELATIONS.

14. IN REPLY TENG TOLD RHODES CHINA WOULD CONTINUE TO FOLLOW POLICY OF SELF RELIANCE WHICH WAS SLOWER, BUT MORE RELIABLE. HE EXPLAINED THAT SELF RELIANCE DID NOT EXCLUDE ABSORPTION OF ADVANCED TECHNOLOGY FROM FOREIGN COUNTRIES, BUT WARNED THAT THE PRC WOULD NEVER

ACCEPT MULTINATIONALS FOREIGN LOANS, OR JOINT VENTURES. HE NOTED THAT CHINA HAD ASKED FOR PROLONGED PAYMENTS ON SOME OF ITS IMPORTS, BUT SAID THE AMOUNT WAS WITHIN THE COUNTRY'S ABILITY TO REPAY. WHILE THE PRESENT VOLUME OF PRC FOREIGN TRADE WAS SMALL, TENG SAID HE EXPECTED IT TO GROW WITH THE DEVELOPMENT OF CHINA'S OVERALL ECONOMY. TENG SAID CHINA HAD ALREADY BOUGHT A LOT FROM THE UNITED STATES AND THERE WOULD BE OTHER OPPORTUNITIES FOR TRADE IN FUTURE.

15. CONTINUING ON SUBJECT OF BILATERAL RELATIONS, TENG REAFFIRMED CHINA'S DESIRE THAT BOTH SIDES GO FORWARD IN SPIRIT OF SHANGHAI COMMUNIQUE. HE WARNED, HOWEVER, "THAT WE SHOULD EXPECT TWISTS AND TURNS SUCH AS THE

RECENT INCIDENT. CONSIDERING THE DIFFERENCES THAT STILL EXIST BETWEEN US," TENG SAID, "SUCH MATTERS ARE INEVITABLE."

16. ALBERT SAID HE ASSUMED TENG WAS REFERRING TO CANCELLATION OF THE CHINA NATIONAL ART TROUPE'S U.S. TOUR, AND SAID HE AND OTHERS DISAGREED WITH THE DECISION NOT TO ALLOW THE GROUP TO PERFORM. TENG

REPLIED THAT SUCH PROBLEMS AROSE BECAUSE OF EACH SIDES' DIFFERING APPROACH TO THE SHANGHAI COMMUNIQUE AND EXPRESSED THE HOPE THAT IN FUTURE SUCH INCIDENTS COULD BE AVOIDED. NODDING IN AGREEMENT, ALBERT SAID IT APPEARED THAT NEITHER SIDE HAD ANTICIPATED THE OTHER'S REACTION.

YOU SEE, TENG REPLIED, WE DID NOT CANCEL THE VISIT OF THE U.S. TRACK AND FIELD TEAM TO CHINA.

17. THE DISCUSSION THEN ENDED AND THE ENTIRE GROUP WENT INTO AN ADJOINING ROOM FOR LUNCH.
BUSH

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